

STATE OF ARIZONA

MAR 5 1996

DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE
By

In the Matter of:

OLD REPUBLIC NATIONAL TITLE INSURANCE
COMPANY

OLD REPUBLIC TITLE INSURANCE AGENCY, INC.
PIONEER TITLE AGENCY, INC.

Respondents.

Docket No. 96A-031

CONSENT ORDER

The Arizona Department of Insurance ("Department") conducted a Market Conduct Examination of Old Republic National Title Insurance Company, NAIC #50520 ("ORNTIC") and ORNTIC's licensed title insurance agents, Old Republic Title Insurance Agency, Inc. ("ORTA") and Pioneer Title Agency, Inc. ("PTA"). ORTA's offices in Maricopa County and Pima County are referred to as "ORTAM" and "ORTAP" respectively. ORNTIC and the two agents are referred to collectively as "Respondents".

The Report of Market Conduct Examination (the "Report"), prepared by Market Conduct Examiners for the Department (the "Examiners") alleges that Respondents have violated A.R.S. §§ 20-157, 20-376, 20-379 and 20-1581.

Respondents wish to resolve this matter without formal adjudicative proceedings and agree to this Consent Order.

The Director of Insurance (the "Director") enters the following Findings of Fact and Conclusions of Law, which are neither admitted nor denied by Respondents, and the following Order:

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FINDINGS OF FACT

1
2 1. ORNTIC is authorized to transact title insurance as an
3 insurer in the State of Arizona pursuant to a Certificate of
4 Authority issued by the Director.

5 2. The Examiners were authorized by the Director to
6 conduct a market conduct examination of ORNTIC and its agents.
7 The on-site examination covered policies issued and claims
8 closed by ORNTIC from April 1, 1991 through June 30, 1994.

9 3. During the time period covered by the market conduct
10 examination (the "Examination"), ORNTIC had title insurance
11 underwriting agreements in effect with the agents listed above.
12 These agreements authorized the agents to issue policies of
13 title insurance on behalf of ORNTIC.

14 4. ORNTIC and its agents have filed rates and rules for
15 calculation of title insurance premiums and escrow fees with the
16 ADOI. Unless specifically noted otherwise, any discussion which
17 follows of these rates and rules refers to rates and rules
18 currently in effect which were filed with the ADOI pursuant to
19 A.R.S. § 20-376(A).

20 5. The Examiners randomly selected and reviewed 2805
21 title policies issued by Respondents during the period covered
22 by the Examination, as follows:

23 ORTAM 1,385 policies
24 ORTAP 1,156 policies
PTA, 264 policies

25 6. The Respondents rated policies other than pursuant to
26 ORNTIC's filed rates and rules, resulting in overcharges and
27 undercharges to the insureds on title policies, as follows:
28

| | Undercharges | | Overcharges | | % Error |
|-------|--------------|---------|-------------|--------|---------|
| | # | \$ | # | \$ | |
| ORTAM | 11 | 696.25 | 1 | 328.00 | 0.9% |
| ORTAP | 8 | 2172.72 | 1 | 16.00 | 0.8% |
| PTA | 1 | 32.50 | 1 | 124.00 | 0.8% |

7. ORTAM failed to produce 31 additional title files which were requested by the Examiners, and ORTAP failed to produce 18 additional title files requested by the Examiners, for the period covered by the Examination.

CONCLUSIONS OF LAW

1. By deviating from ORNTIC's filed rates for the issuance of title policies, ORTA violated A.R.S. §§ 20-376(H)(repealed 1993) and 20-379(A)(effective 1992).

2. By failing to produce all records requested by the Examiners for the period covered by the Examination, ORTA violated A.R.S. §§ 20-157(A) and 20-1581(A).

3. Grounds exist for the entry of all other provisions of the following Order.

ORDER

Respondents, having admitted the jurisdiction of the Director to enter this Order, having waived the Notice of Hearing and the hearing, having waived any and all rights to appeal this Order, and having consented to the entry of this Order, and there being no just reason for delay:

IT IS HEREBY ORDERED THAT:

1. Within 60 days of the filed dated of this Order, ORNTIC's agents shall refund overcharges of premium totalling \$344.000, to the insureds listed in Exhibits 5 and 6 of the Report (attached to this Order as Exhibit A).

1 ORNTIC's agents shall pay interest on the above amounts to
2 these insureds at the rate of 10% per annum calculated from the
3 date each payment was received by the agent to the date of the
4 refund. Each refund shall be accompanied by a letter to the
5 insured previously approved by the Director. A list of refunds,
6 giving the name and address of each insured to whom a refund was
7 made, the base amount of each refund, the amount of interest
8 paid, and the date of the refund, shall be provided to the ADOI
9 when all refunds have been made. This list shall be furnished
10 to the Department within 70 days of the filed date of this Order.

11 2. The Department shall be permitted, through authorized
12 representatives, to verify that Respondents have complied with
13 all provisions of this Order.

14 3. Pursuant to A.R.S. § 20-379(B), ORTA shall pay civil
15 penalties totalling \$6,543.97. This amount shall be paid to the
16 Director to be forwarded to the State Treasurer for deposit in
17 the State General Fund, and shall be provided to the Market
18 Conduct Examinations Division of the Department on or before
19 February 1, 1996.

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By

1 COPY of the foregoing mailed/delivered
2 this 5th day of March , 1996, to:

3 Charles R. Cohen
4 Deputy Director
5 Gregory Y. Harris
6 Executive Assistant Director
7 Lewis D. Kowal
8 Chief Administrative Law Judge
9 Erin H. Klug
10 Chief Market Conduct Examiner
11 Saul R. Saulson
12 Examinations Supervisor
13 Market Conduct Examinations Division
14 Mary Butterfield
15 Assistant Director
16 Life & Health Division
17 Deloris E. Williamson
18 Assistant Director
19 Rates & Regulations Division
20 Gary Torticill
21 Assistant Director and Chief Financial Examiner
22 Corporate & Financial Affairs Division
23 Cathy O'Neil
24 Assistant Director
25 Consumer Services Division
26 John Gagne
27 Assistant Director
28 Investigations Division
Dean Ehler
Supervisor
Property and Casualty Section
Maureen Catalioto
Supervisor
Licensing Section
DEPARTMENT OF INSURANCE
2910 North 44th Street, Suite 210
Phoenix, AZ 85018

20 Richard A. Cecchetti, President
21 Old Republic National Title Insurance Company
22 400 Second Avenue South
23 Minneapolis, Minnesota 55401

23 John A. Dosa, President
24 Old Republic Title Insurance Agency, Inc.
25 3200 North Central Avenue, Suite 2550
26 Phoenix, Arizona 85012

25 R. Keith Newlon, President
26 Pioneer Title Company
27 P.O. Box 1900
28 Sierra Vista, Arizona 85631



OLD REPUBLIC TITLE AGENCY, INC. - MARICOPA COUNTY
INCLUDING PINAL COUNTY

| <u>Crit</u> | <u>Title Policy No.</u> | <u>File No.</u> | <u>General Title Violation</u> | |
|-------------|-----------------------------|-----------------|------------------------------------|------------|
| | | | <u>O/C</u> | <u>U/C</u> |
| 1 | BY 165204 | 51-004,415 | | \$25.00 |
| 2 | B 3040211 | 29-007,005 | \$328.00 | |
| * 3 | BQ 274420 | 06-611,103 | | \$2.50 |
| * 4 | BZ 419578 | 51-005,176 | | 27.00 |
| * 5 | DY 85425 | 06-610,964 | | 25.00 |
| * 6 | RLC 242550 | 06-610,993 | | 224.00 |
| * 7 | RLC 242582 | 51-005,079 | | 20.90 |
| * 8 | BQ 274435 | 42-007,791 | | 58.00 |
| * 9 | BQ 274356 | 56-002,686 | | 69.45 |
| *10 | MK 183203 | 04-419,424 | | 55.50 |
| *11 | MP 178179 | 42-008,524 | | 64.50 |
| *12 | MK 183245 | 62-000,247 | | 94.50 |
| Total | | | \$328.00 | \$696.25 |

*Consent Order Docket No. 7646 filed 2-14-92.

(Exhibit 5)

OLD REPUBLIC TITLE AGENCY, INC. - PIMA COUNTY

| <u>Crit</u> | <u>Title Policy No.</u> | <u>File No.</u> | <u>General Title Violation</u> | |
|-------------|-----------------------------|-----------------|------------------------------------|---------------|
| | | | <u>O/C</u> | <u>U/C</u> |
| 1 | AL 3017754 | 65542 | | |
| 2 | BQ 202640 | 67687 | | \$ 175.00 |
| * 3 | AQ 176608 | 73322 | | 143.00 |
| * 4 | SB 281005 | 100966 | \$ 16.00 | |
| * 5 | SB 281136 | 100991 | | 24.00 |
| * 6 | FTY 175188 | 101937 | | 159.00 |
| * 7 | MK 257969 | 107715 | | 50.00 |
| * 8 | SB 281398 | 102800 | | 17.00 |
| * 9 | FTH 002096 | 102800 | | 1173.50 |
| | | | | <u>431.25</u> |
| Total | | | \$ 16.00 | \$2172.72 |

*Consent Order Docket No. 7646 filed 2-14-92.

(Exhibit 6)